

OFFICE

State: MINNESOTA
Effective: July 1, 1989
TN: 89-54
Approved: 11-8-90
Supersedes: 87-52

Supplement 2 to
Attachment 4.19-3
State Nursing Homes
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MEDICARE UPPER PAYMENT LIMIT METHODOLOGY

The Medicare Upper Limit Methodology for state-owned nursing homes is calculated under the Medicare reimbursement principles in effect prior to October 1, 1983. Section 1888(d) of the Social Security Act requires that a prospective payment rate excluding capital-related costs cannot exceed the routine service cost limit. The routine service cost limit calculation is provided by the Medicare Intermediary. See example on page 2 of this supplement.

The limits in this calculation schedule are based on the most recent SNF cost data for calculating the limits, as well as the most recent projections of the rates of increases in the costs included in the SNF market basket.

The actual routine cost per diem will be determined by deducting capital-related costs and the costs of approved medical education programs. SNFs are not reimbursed for routine service costs above the limit without an exemption.

The Woodhaven Senior Community (Brainerd SNF) is provided an interim rate under an exception for new providers at 42 CFR 413.64(d). Brainerd SNF is a new hospital-based facility.

Spreadsheets are on pages three and four.

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MEDICARE INTERMEDIARY METHODOLOGY
FOR PER DIEM ROUTINE COST LIMITS

From the Federal Register -

Established Limits (as published)	
- Labor-related component	\$ _____
- Nonlabor Component	_____
Wage Index (as published)	_____
Hospital-Based SNF Add-On Adjustment (as published)	
- Labor-related Component	_____
- Nonlabor Component	_____
Cost Reporting Year Adjustment Factor (as published)	_____
Computation of Adjusted Limit -	
Labor-related Component	
- Established Limit	_____
- Hospital-Based SNF Add-On Adjustment	_____
Wage Index	_____
Adjusted Labor-related Component	_____
Nonlabor Component	
- Established Limit	_____
- Hospital-Based SNF Add-On Adjustment	_____
Cost Reporting Year Adjustment Factor	_____
Adjusted Limit	_____

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MEDICARE UPPER PAYMENT LIMIT TESTS

Based on Medicare Reimbursement Bulletin, Skilled Nursing Facility #80
 Dated November 4, 1987

	*BRAINERD SNF	PARIBAULT SNF	OAK TERRACE SNF	OAK TERRACE ICF	AH GWAH CHING SNF	AH GWAH CHIN ICF
Computation of Revised Limit: Labor Related Component Add on Adjustment	\$ 67.31 1.59	\$ 51.50	\$ 49.47	\$ 49.47	\$ 51.50	\$ 51.50
Wage Index	<u>0.8788</u>	<u>0.8788</u>	<u>1.1772</u>	<u>1.1772</u>	<u>0.8788</u>	<u>0.8788</u>
Adjusted Labor Component	\$ 60.55	\$ 45.26	\$ 58.24	\$ 58.24	\$ 45.26	\$ 45.26
Labor Component on Adjustment	\$ 12.84 <u>\$ 0.35</u>	\$ 9.95	\$ 11.94	\$ 11.94	\$ 9.95	\$ 9.95
Adjusted Limit	\$ 73.74	\$ 55.21	\$ 70.18	\$ 70.18	\$ 55.21	\$ 55.21
Fiscal Year Adjustment Factor	<u>1,068,478</u>	<u>1,068,478</u>	<u>1,068,478</u>	<u>1,068,478</u>	<u>1,068,478</u>	<u>1,068,478</u>
Revised Medicare Limit (Routine Services)	\$ 78.79	\$ 58.99	\$ 74.99	\$ 74.99	\$ 58.99	\$ 58.99
**Projected Professional Services Per Diem	\$ 2.43	\$ 0.31	\$ 2.68	\$ 2.08	\$ 0.55	\$ 0.45
**Projected Property Cost Pass Through	\$ 4.62	\$ 6.11	\$ 2.69	\$ 2.69	\$ 2.48	\$ 2.48
**Projected Ancillary Cost Per Diem	<u>\$ 9.66</u>	<u>\$ 5.74</u>	<u>\$ 3.89</u>	<u>\$ 3.89</u>	<u>\$ 4.78</u>	<u>\$ 4.78</u>
Projected Per Diem (Facility Skilled)	<u>\$ *95.50</u>	<u>\$ 71.15</u>	<u>\$ 84.25</u>	<u>\$ 83.65</u>	<u>\$ 66.80</u>	<u>\$ 66.70</u>

* Brainerd SNF is a new facility which is exempt from the limit and is paid an interim rate of \$131.19 as approved by the Medicare intermediary and based on 42 CFR 413.64(d).

** (% of most recent settlement x projected cost / projected census)

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Based on Medicare Principles prior to October 1, 1983

	BRAINERD SNF	FARIBAULT SNF	OAK TERRACE SNF	OAK TERRACE ICF	AH GWAH CHING SNF	AH GWAH CHING ICF
SALARIES						
ICF Direct	\$484,446	\$0	\$3,965,649	\$429,032	\$3,624,195	\$1,073,408
Gen'l Support	<u>\$450,571</u>	<u>\$2,009,587</u>	<u>\$3,854,820</u>	<u>\$834,172</u>	<u>\$2,948,915</u>	<u>\$1,746,809</u>
Total	\$935,017	\$2,009,587	\$7,820,469	\$1,263,204	\$6,573,110	\$2,820,217
CURRENT EXPENSE						
	\$128,568	\$177,690	\$997,700	\$215,899	\$799,068	\$473,333
REGIONAL LAUNDRY						
Salaries	\$47,455	\$44,989	\$0	\$0	\$0	\$0
Supplies	(\$41,830)	(\$41,494)	\$225,433	\$48,783	\$160,987	\$95,361
Equipment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$5,625	\$3,495	\$225,433	\$48,783	\$160,987	\$95,361
AIRS/BETTERMENTS						
Current Expense	\$651	\$936	\$5,174	\$1,046	\$2,333	\$1,767
Special Project	<u>\$1,295</u>	<u>\$1,861</u>	<u>\$13,778</u>	<u>\$2,784</u>	<u>\$6,213</u>	<u>\$4,705</u>
Total	\$1,946	\$2,797	\$18,952	\$3,830	\$8,546	\$6,472
DEPRECIATION						
Special Equipment	\$367	\$828	\$2,412	\$488	\$2,105	\$1,595
Building/Plant	\$19,185	\$59,619	\$123,826	\$25,024	\$82,899	\$64,643
Moveable Equipment	<u>\$2,928</u>	<u>\$7,495</u>	<u>\$27,273</u>	<u>\$5,511</u>	<u>\$15,302</u>	<u>\$11,932</u>
Total	\$22,480	\$67,942	\$153,511	\$31,023	\$100,306	\$78,170
BOND INTEREST						
	\$3,014	\$6,878	\$8,140	\$1,645	\$21,770	\$16,976
INDIRECT COSTS						
Central Office	\$42,214	\$71,541	\$270,982	\$58,640	\$182,166	\$107,915
Statewide	\$10,373	\$17,580	\$66,589	\$14,410	\$44,764	\$26,518
Support Divisions	\$0	\$0	\$0	\$0	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$52,587	\$89,121	\$337,571	\$73,050	\$226,930	\$134,433
TOTAL OPERATING COST						
	\$1,149,237	\$2,357,510	\$9,561,776	\$1,637,434	\$7,890,717	\$3,624,962
PROJECTED CENSUS						
	8760	12410	62415	13505	57305	33945
IEM COST						
	\$131.19	\$189.97	\$153.20	\$121.25	\$137.70	\$106.79